
HOUSE BILL No. 1054

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8-5; IC 27-13.

Synopsis: Coverage for individuals less than 24 years of age. Requires a state employee health plan, an accident and sickness insurer, and a health maintenance organization to, upon request, provide coverage for certain individuals who are less than 24 years of age. Makes conforming amendments.

Effective: Upon passage.

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January 8, 2008, read first time and referred to Committee on Public Health.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1054

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10-8-7, AS AMENDED BY P.L.2-2007,
2 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 7. (a) The state, excluding state educational
4 institutions, may not purchase or maintain a policy of group insurance,
5 except:
6 (1) life insurance for the state's employees;
7 (2) long term care insurance under a long term care insurance
8 policy (as defined in IC 27-8-12-5), for the state's employees;
9 (3) an accident and sickness insurance policy (as defined in
10 IC 27-8-5.6-1) that covers individuals to whom coverage is
11 provided by a local unit under section 6.6 of this chapter; or
12 (4) an insurance policy that provides coverage that supplements
13 coverage provided under a United States military health care plan.
14 (b) With the consent of the governor, the state personnel department
15 may establish self-insurance programs to provide group insurance other
16 than life or long term care insurance for state employees and retired
17 state employees. The state personnel department may contract with a

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private agency, business firm, limited liability company, or corporation for administrative services. A commission may not be paid for the placement of the contract. The department may require, as part of a contract for administrative services, that the provider of the administrative services offer to an employee terminating state employment the option to purchase, without evidence of insurability, an individual policy of insurance.

(c) Notwithstanding subsection (a), with the consent of the governor, the state personnel department may contract for health services for state employees and individuals to whom coverage is provided by a local unit under section 6.6 of this chapter through one (1) or more prepaid health care delivery plans.

(d) The state personnel department shall adopt rules under IC 4-22-2 to establish long term and short term disability plans for state employees (except employees who hold elected offices (as defined by IC 3-5-2-17)). The plans adopted under this subsection may include any provisions the department considers necessary and proper and must:

- (1) require participation in the plan by employees with six (6) months of continuous, full-time service;
- (2) require an employee to make a contribution to the plan in the form of a payroll deduction;
- (3) require that an employee's benefits under the short term disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;
- (4) prohibit the termination of an employee who is eligible for benefits under the plan;
- (5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;
- (6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:
 - (A) Social Security;
 - (B) the public employees' retirement fund;
 - (C) the Indiana state teachers' retirement fund;
 - (D) pension disability;
 - (E) worker's compensation;
 - (F) benefits provided from another employer's group plan; or
 - (G) remuneration for employment entered into after the

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- 1 disability was incurred.
- 2 (The department of state revenue and the department of workforce
- 3 development shall cooperate with the state personnel department
- 4 to confirm that an employee has disclosed complete and accurate
- 5 information necessary to administer subdivision (6).)
- 6 (7) provide that an employee will not receive benefits under the
- 7 plan for a disability resulting from causes specified in the rules;
- 8 and
- 9 (8) provide that, if an employee refuses to:
- 10 (A) accept work assignments appropriate to the employee's
- 11 medical condition;
- 12 (B) submit information necessary for claim administration; or
- 13 (C) submit to examinations by designated physicians;
- 14 the employee forfeits benefits under the plan.
- 15 (e) This section does not affect insurance for retirees under
- 16 IC 5-10.3 or IC 5-10.4.
- 17 (f) The state may pay part of the cost of self-insurance or prepaid
- 18 health care delivery plans for its employees.
- 19 (g) A state agency may not provide any insurance benefits to its
- 20 employees that are not generally available to other state employees,
- 21 unless specifically authorized by law.
- 22 (h) The state may pay a part of the cost of group medical and life
- 23 coverage for its employees.
- 24 **(i) A self-insurance program described in subsection (b) or a**
- 25 **prepaid health care delivery plan contract described in subsection**
- 26 **(c) that provides group health coverage to state employees must not**
- 27 **be established, entered into, amended, or renewed unless the**
- 28 **program or plan contract provides, upon request of a state**
- 29 **employee who is covered under the self-insurance program or**
- 30 **prepaid health care delivery plan, for coverage of:**
- 31 **(1) a dependent child of the state employee;**
- 32 **(2) another individual who is dependent on the state**
- 33 **employee; or**
- 34 **(3) any:**
- 35 **(A) child of; or**
- 36 **(B) other individual who has or had a blood or legal**
- 37 **relationship (as described in subsection (j)) with;**
- 38 **the state employee, regardless of the marital status of the**
- 39 **child or other individual or whether the child or other**
- 40 **individual is dependent upon the state employee, until the date**
- 41 **that the child or other individual becomes twenty-four (24)**
- 42 **years of age.**

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(j) For purposes of subsection (i), an individual has a legal relationship with another person if the individual:

- (1) is a current or former spouse of the other person;
- (2) is related by blood or adoption to the other person;
- (3) is or was related by marriage to the other person;
- (4) has or previously had an established legal relationship:
 - (A) as a guardian of the other person;
 - (B) as a ward of the other person;
 - (C) as a custodian of the other person;
 - (D) as a foster parent of the other person; or
 - (E) in a capacity with respect to the other person similar to those listed in clauses (A) through (D); or
- (5) has a child in common with the other person.

SECTION 2. IC 27-8-5-2, AS AMENDED BY P.L.218-2007, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) No individual policy of accident and sickness insurance shall be delivered or issued for delivery to any person in this state unless it complies with each of the following:

- (1) The entire money and other considerations for the policy are expressed in the policy.
- (2) The time at which the insurance takes effect and terminates is expressed in the policy.
- (3) The policy purports to insure only one (1) person, except that a policy must insure, originally or by subsequent amendment, upon the application of any member of a family who shall be deemed the individual who is a policyholder and who is at least eighteen (18) years of age, any two (2) or more other eligible members of that family, including: individual who is:
 - (A) the husband of the policyholder;
 - (B) the wife of the policyholder;
 - (C) a dependent child of the policyholder;
 - (D) another individual who is dependent on the policyholder; or
 - (E) any children of the following who are and less than twenty-four (24) years of age, and any other person regardless of the marital status of the child or other individual or whether the child or other individual is dependent upon the policyholder:
 - (i) A child of the policyholder.
 - (ii) Another individual who has or had a blood or legal relationship with the policyholder as described in subsection (d).

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(4) The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text, and unless every printed portion of the text of the policy and of any endorsements or attached papers is plainly printed in lightface type of a style in general use, the size of which shall be uniform and not less than ten point with a lower-case unspaced alphabet length not less than one hundred and twenty point (the "text" shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description if any, and captions and subcaptions).

(5) The exceptions and reductions of indemnity are set forth in the policy and, except those which are set forth in section 3 of this chapter, are printed, at the insurer's option, either included with the benefit provision to which they apply, or under an appropriate caption such as "EXCEPTIONS", or "EXCEPTIONS AND REDUCTIONS", provided that if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of such exception or reduction shall be included with the benefit provision to which it applies.

(6) Each such form of the policy, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of the first page of the policy.

(7) The policy contains no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of or reference to a statement of rates or classification of risks, or short-rate table filed with the commissioner.

(8) If an individual accident and sickness insurance policy or hospital service plan contract or medical service plan contract provides that hospital or medical expense coverage of a dependent child terminates upon attainment of the limiting age for dependent children specified in such policy or contract, the policy or contract must also provide that attainment of such limiting age does not operate to terminate the hospital and medical coverage of such child while the child is and continues to be both:

(A) incapable of self-sustaining employment by reason of mental retardation or mental or physical disability; and

(B) chiefly dependent upon the policyholder for support and maintenance.

Proof of such incapacity and dependency must be furnished to the insurer by the policyholder within thirty-one (31) days of the

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child's attainment of the limiting age. The insurer may require at reasonable intervals during the two (2) years following the child's attainment of the limiting age subsequent proof of the child's disability and dependency. After such two (2) year period, the insurer may require subsequent proof not more than once each year. The foregoing provision shall not require an insurer to insure a dependent who is a child who has mental retardation or a mental or physical disability where such dependent does not satisfy the conditions of the policy provisions as may be stated in the policy or contract required for coverage thereunder to take effect. In any such case the terms of the policy or contract shall apply with regard to the coverage or exclusion from coverage of such dependent. This subsection applies only to policies or contracts delivered or issued for delivery in this state more than one hundred twenty (120) days after August 18, 1969.

(b) If any policy is issued by an insurer domiciled in this state for delivery to a person residing in another state, and if the official having responsibility for the administration of the insurance laws of such other state shall have advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may by ruling require that such policy meet the standards set forth in subsection (a) and in section 3 of this chapter.

(c) An insurer may issue a policy described in this section in electronic or paper form. However, the insurer shall:

- (1) inform the insured that the insured may request the policy in paper form; and
- (2) issue the policy in paper form upon the request of the insured.

(d) For purposes of subsection (a)(3)(e), an individual has a legal relationship with another person if the individual:

- (1) is a current or former spouse of the other person;**
- (2) is related by blood or adoption to the other person;**
- (3) is or was related by marriage to the other person;**
- (4) has or previously had an established legal relationship:**
 - (A) as a guardian of the other person;**
 - (B) as a ward of the other person;**
 - (C) as a custodian of the other person;**
 - (D) as a foster parent of the other person; or**
 - (E) in a capacity with respect to the other person similar to those listed in clauses (A) through (D); or**
- (5) has a child in common with the other person.**

SECTION 3. IC 27-8-5-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) Except for

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a policy that conforms to the description in section 16(2) of this chapter, a group accident and sickness insurance policy may be extended to insure the employees or members, or any class or classes of employees or members, with respect to their family members or dependents, subject to subsections (b) and (c).

(b) The premium for the insurance must be paid from funds contributed by the employer, union, association, or other person to whom the policy has been issued or from funds contributed by the covered persons, or from both sources of funds. Except as provided in subsection (c), a policy on which no part of the premium for the coverage of family members or dependents is to be derived from funds contributed by the covered persons must insure all eligible employees or members, or any class or classes of eligible employees or members, with respect to their ~~spouses~~ **family members** and dependent children.

(c) Except as provided in section 24 of this chapter, an insurer may exclude or limit the coverage on any family member or dependent as to whom evidence of individual insurability is not satisfactory to the insurer.

SECTION 4. IC 27-8-5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) All individual policies of accident and sickness insurance issued for delivery in Indiana after June 30, 1990, must provide for the refund of unused premiums upon the death of the insured during the contract period.

(b) The amount of premium refund shall be prorated from the date following the date of death of the insured to the end of the contract period for which the premium has been paid.

(c) The refund required by this section shall be paid as follows:

(1) If a person other than the insured paid the premium, to that person. A person entitled to a refund under this subdivision must furnish proof of payment to the insurer.

(2) If the insured paid the premium, to the surviving spouse of the insured. If there is no surviving spouse, the premium shall be paid in the same manner as distributions of the net estate of a person who dies intestate under IC 29-1-2-1(d).

(d) A person entitled to receive a refund under this section must do the following:

(1) Submit a written request for the refund.

(2) Furnish proof of the insured's death.

(e) This section does not affect the rights of:

(1) a dependent; **or**

(2) **another individual specified in section 2(a)(3) of this**

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chapter;

under a policy covered by this section to obtain a conversion policy upon the death of the insured.

SECTION 5. IC 27-8-5-28, AS ADDED BY P.L.218-2007, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) A policy of accident and sickness insurance may not be issued, delivered, amended, or renewed unless the policy provides, **upon request of a policyholder or certificate holder**, for coverage of:

(1) a **dependent** child of the policyholder or certificate holder;

~~upon request of~~

(2) **another individual who is dependent on** the policyholder or certificate holder; or

(3) any:

(A) child of; or

(B) other individual who has or had a blood or legal relationship (as described in subsection (b)) with;

the policyholder or certificate holder, regardless of the marital status of the child or other individual or whether the child or other individual is dependent upon the policyholder or certificate holder, until the date that the child or other individual becomes twenty-four (24) years of age.

(b) For purposes of subsection (a), an individual has a legal relationship with another person if the individual:

(1) is a current or former spouse of the other person;

(2) is related by blood or adoption to the other person;

(3) is or was related by marriage to the other person;

(4) has or previously had an established legal relationship:

(A) as a guardian of the other person;

(B) as a ward of the other person;

(C) as a custodian of the other person;

(D) as a foster parent of the other person; or

(E) in a capacity with respect to the other person similar to those listed in clauses (A) through (D); or

(5) has a child in common with the other person.

SECTION 6. IC 27-13-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. "Enrollee" means a subscriber or a ~~subscriber's dependent~~ **another individual** who is covered by a health maintenance organization.

SECTION 7. IC 27-13-1-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) "Individual contract" means a contract for health care services that:

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1 (1) is issued to; and

2 (2) covers;

3 an individual.

4 (b) An individual contract may include coverage for ~~a dependent of~~
5 **an individual other than** the subscriber.

6 SECTION 8. IC 27-13-7-3, AS AMENDED BY P.L.218-2007,
7 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 UPON PASSAGE]: Sec. 3. (a) A contract referred to in section 1 of
9 this chapter must clearly state the following:

10 (1) The name and address of the health maintenance organization.

11 (2) Eligibility requirements.

12 (3) Benefits and services within the service area.

13 (4) Emergency care benefits and services.

14 (5) Any out-of-area benefits and services.

15 (6) Copayments, deductibles, and other out-of-pocket costs.

16 (7) Limitations and exclusions.

17 (8) Enrollee termination provisions.

18 (9) Any enrollee reinstatement provisions.

19 (10) Claims procedures.

20 (11) Enrollee grievance procedures.

21 (12) Continuation of coverage provisions.

22 (13) Conversion provisions.

23 (14) Extension of benefit provisions.

24 (15) Coordination of benefit provisions.

25 (16) Any subrogation provisions.

26 (17) A description of the service area.

27 (18) The entire contract provisions.

28 (19) The term of the coverage provided by the contract.

29 (20) Any right of cancellation of the group or individual contract
30 holder.

31 (21) Right of renewal provisions.

32 (22) Provisions regarding reinstatement of a group or an
33 individual contract holder.

34 (23) Grace period provisions.

35 (24) A provision on conformity with state law.

36 (25) A provision or provisions that comply with the:

37 (A) guaranteed renewability; and

38 (B) group portability;

39 requirements of the federal Health Insurance Portability and
40 Accountability Act of 1996 (26 U.S.C. 9801(c)(1)).

41 (26) That the contract provides, upon request of the subscriber,
42 coverage for:

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- 1 (A) a **dependent** child of the subscriber;
 2 (B) **another individual who is dependent on the subscriber;**
 3 **or**
 4 (C) **any:**
 5 (i) **child of; or**
 6 (ii) **other individual who has or had a blood or legal**
 7 **relationship (as described in subsection (c)) with;**
 8 **the subscriber, regardless of the marital status of the child**
 9 **or other individual or whether the child or other individual**
 10 **is dependent upon the subscriber, until the date the child or**
 11 **other individual becomes twenty-four (24) years of age.**

12 (b) For purposes of subsection (a), an evidence of coverage which
 13 is filed with a contract may be considered part of the contract.

14 (c) **For purposes of subsection (a)(26), an individual has a legal**
 15 **relationship with another person if the individual:**

- 16 (1) **is a current or former spouse of the other person;**
 17 (2) **is related by blood or adoption to the other person;**
 18 (3) **is or was related by marriage to the other person;**
 19 (4) **has or previously had an established legal relationship:**
 20 (A) **as a guardian of the other person;**
 21 (B) **as a ward of the other person;**
 22 (C) **as a custodian of the other person;**
 23 (D) **as a foster parent of the other person; or**
 24 (E) **in a capacity with respect to the other person similar to**
 25 **those listed in clauses (A) through (D); or**

26 (5) **has a child in common with the other person.**

27 SECTION 9. IC 27-13-34-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~(a)~~ As used in
 29 this chapter, "enrollee" means an individual who is entitled to limited
 30 health services under a contract with an entity authorized to provide or
 31 arrange for limited health services under this chapter.

32 ~~(b) The term includes the dependent of an individual described in~~
 33 ~~subsection (a).~~

34 SECTION 10. **An emergency is declared for this act.**

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